

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

JUDGE JONES

LAKEN SHIPPING CORPORATION,

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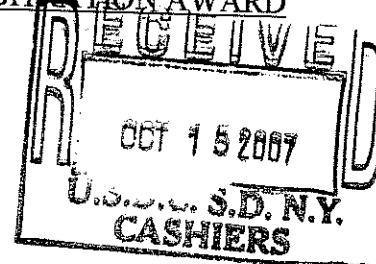
Petitioner(s),

-against-

KELLSTONE, INC. and INLAND BULK
TRANSFER CO.,

Respondent(s).

PETITION TO CONFIRM
ARBITRATION AWARD



PLEASE TAKE NOTICE that Petitioner LAKEN SHIPPING CORPORATION ("LAKEN"), by its attorneys MAHONEY & KEANE LLP., seeks confirmation of an arbitration award against Respondents, KELLSTONE, INC. ("KELLSTONE") and INLAND BULK TRANSFER CO. ("INLAND"), and entry of judgment in conformity with the Arbitration Award.

1. This is a case of admiralty and maritime jurisdiction within the meaning of Rule 9(h) of the Federal Rules of Civil Procedure.
2. This Court's jurisdiction over this matter is based upon the Federal Arbitration Act, 9 U.S.C. §§1-13, 28 U.S.C. §1333 (admiralty), 28 U.S.C. §1332 (diversity), 28 U.S.C. § 1331(federal question), as well as the Court's pendent, supplementary and ancillary jurisdiction.
3. The District Court for the Southern District of New York is the proper venue for this matter, as the Arbitral Award in question was made in the Southern District of New York.
4. Petitioner, LAKEN, is a legal entity engaged in the business of maritime shipping.

5. Respondents, KELLSTONE and INLAND, are affiliated legal entities formerly engaged in the operation and sale of tugs and barges and currently engaged in other business activities.

6. Petitioner LAKEN submits the foregoing Petition, seeking an Order from this Honorable Court confirming the referenced Arbitral Award. (See **Exhibit 1**).

7. The Arbitration in question relates to the sale and transfer of the Tug Boat FRANK PALLADINO, JR (“FRANK PALLADINO” and “Vessel”) from Sellers KELLSTONE and INLAND to buyer LAKEN.

8. Petitioner LAKEN claimed that Respondents KELLSTONE and INLAND breached the Ship Sale Agreement (“SSA”) for the Vessel in question by failing to deliver said Vessel in the condition required by the agreement.

9. LAKEN demanded arbitration pursuant to the arbitration clause contained in the SSA, which directed the parties to arbitrate in New York. Binding arbitration was pursued under the rules of the Society of Maritime Arbitrators (“SMA”).

10. The SMA arbitration panel was assembled. The panel was composed of Mr. Manfred W. Arnold, Mr. David W. Martowski, and Mr. Stephen H. Busch (chairman).

11. The parties successfully conducted discovery for a period of approximately nineteen months.

12. The arbitration held a week of hearings on this matter. Following the conclusion of the hearings, the issues were briefed by counsels, and the proceedings were closed.

13. On September 25, 2007 the arbitration panel issued an Arbitral Award and Decision finding KELLSTONE and INLAND liable under the terms of the SSA. (See **Exhibit 1**).

14. The arbitration panel further found that Petitioner was entitled to an arbitral award of **\$ 793,267.44.** (Id.).

15. The terms of the award require that Respondents provide payment within twenty (20) days from the date of the award. Thereafter, interest at 8.25% per annum would accrue on the award until such time as the award was paid or reduced to judgment, whichever occurs first. (Id.).

16. To date, Respondents KELLSTONE and INLAND have not complied with the Arbitration Award and have failed to pay the sum awarded to Petitioner LAKEN.

17. KELLSTONE and INLAND have not sought to vacate, modify, or challenge the Arbitration Award.

18. Pursuant to the Federal Arbitration Act, 9 U.S.C. § 10, Petitioner is entitled to confirmation of the Arbitration Award and entry of judgment in conformity with the award, including the award of interest to Petitioner at a rate of 8.25% per annum from the date of the award until such time as the award is paid or reduced to judgment.

WHEREFORE, Petitioner, LAKEN SHIPPING CORPORATION, seeks an order:

- (i) Confirming the arbitration award against Respondents KELLSTONE INC. and INLAND BULK TRANSFER CO.,
- (ii) Entering judgment in favor of Petitioner LAKEN SHIPPING CORPORATION in the sum of \$ 793,267.44,
- (iii) Awarding Petitioner interest at 8.25% per annum, from the date of entry of the Arbitration Award until payment or reduction of the award to a judgment, and
- (iv) Providing Petitioner with such other and further relief as the Court deems proper.

Dated: New York, New York

October 15th, 2007

Respectfully submitted,

MAHONEY & KEANE LLP
Attorneys for Petitioner LAKEN SHIPPING
CORPORATION

By:


Edward A. Keane (EK 1398)
111 Broadway, 10th Floor
New York, New York 10006
Tel (212) 385-1422
Fax (212) 385-1605
File No. 12/3478

SERVICE LIST

KELLSTONE, INC. and INLAND BULK
TRANSFER CO.
3203 Harvard Avenue
Newburgh Hts. Ohio 44108

ROETZEL & ANDRESS
Attorneys for Respondents KELLSTONE,
INC. and INLAND BULK TRANSFER CO.
1375 East Ninth Street
One Cleveland Center, Ninth Floor
Cleveland, Ohio 44114